

# HOUSE BILL No. 1194

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-2.5-12; IC 6-8.1-1-1.

**Synopsis:** Local gross retail tax. Provides that the fiscal body of a county, city, or town may adopt and impose a local gross retail tax of up to 0.5% on retail transactions in the county, city, or town. Provides that the revenue from the tax shall be used for capital projects or promoting tourism.

**Effective:** July 1, 2003.

**Lytle**

January 8, 2003, read first time and referred to Committee on Ways and Means.

C  
o  
p  
y



Introduced

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## HOUSE BILL No. 1194

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1 SECTION 1. IC 6-2.5-12 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2003]:

4 **Chapter 12. Local Gross Retail Tax**

5 **Sec. 1. Except as otherwise provided in this chapter, the**  
6 **definitions contained in IC 6-2.5-1 apply throughout this chapter.**

7 **Sec. 2. As used in this chapter, "unit" means a county, city, or**  
8 **town.**

9 **Sec. 3. (a) After January 1 but before August 1 of a year, the**  
10 **fiscal body of a unit may adopt an ordinance to:**

11 **(1) impose;**

12 **(2) decrease; or**

13 **(3) rescind;**

14 **a local gross retail tax under this chapter.**

15 **(b) Before a fiscal body may adopt an ordinance imposing a**  
16 **local gross retail tax, the fiscal body must hold a public hearing on**  
17 **the proposed ordinance, with notice of the time, date, and place of**

2003

IN 1194—LS 7384/DI 103+



C  
o  
p  
y

the public hearing given in accordance with IC 5-3-1.

(c) If a fiscal body adopts an ordinance under this chapter, it shall immediately send a certified copy of the ordinance to the department.

(d) An ordinance adopted under this chapter takes effect January 1 of the year following the year in which the ordinance is adopted.

Sec. 4. (a) A local gross retail tax imposed under this chapter applies to any transaction:

(1) on which the state gross retail tax is imposed under IC 6-2.5; and

(2) that occurs in the unit imposing the local gross retail tax.

(b) A retail transaction that is a service described in IC 6-2.5-4-5, IC 6-2.5-4-6, or IC 6-2.5-4-11 is considered as having occurred within the unit in which the service is provided.

(c) A local gross retail tax imposed under this chapter does not apply to the gross retail income derived from a unitary retail transaction to the extent the gross retail income is attributable to a tax under this article or IC 6-9.

Sec. 5. (a) A local gross retail tax imposed under this chapter is imposed on the gross retail income received by a retail merchant in a retail unitary transaction at a rate of one-half percent (0.5%).

(b) If the local gross retail tax imposed under this chapter for a transaction results in a fraction of at least one-half cent (\$0.005), the amount of the tax shall be rounded to the next additional cent.

Sec. 6. Except as otherwise provided in this chapter, a local gross retail tax shall be imposed, paid, and collected in the same manner that the state gross retail tax is imposed, paid, and collected under IC 6-2.5. However, the return that is filed for the payment of the tax may be made on a separate return or may be combined with the return filed for the payment of the state gross retail tax as prescribed by the department.

Sec. 7. (a) A special account within the state general fund is established for each unit that adopts a local gross retail tax. Any revenue derived from the imposition of the local gross retail tax by a unit shall be deposited in the unit's account in the state general fund.

(b) Income earned on money held in an account under subsection (a) becomes a part of the account.

(c) Revenue remaining in an account established under subsection (a) at the end of a state fiscal year does not revert to the state general fund.



1        **Sec. 8. (a) The amounts received from a local gross retail tax**  
 2        **shall be paid monthly by the treasurer of state on warrants issued**  
 3        **by the auditor of state to the fiscal officer of the unit that imposed**  
 4        **the tax from the account established for the unit under section 7 of**  
 5        **this chapter.**

6        **(b) The unit's fiscal officer shall establish a local gross retail tax**  
 7        **receipts fund into which the fiscal officer shall deposit all amounts**  
 8        **received monthly from the treasurer of state under this section.**

9        **Sec. 9. A unit may use revenues from the imposition of a local**  
 10       **gross retail tax for one (1) or more of the following purposes:**

11        **(1) Paying the costs of any capital project.**

12        **(2) Promoting tourism within the unit, including entering into**  
 13        **leases or contractual arrangements, or both, with**  
 14        **governmental, nonprofit, or other private entities to promote**  
 15        **tourism within the unit.**

16       **Sec. 10. (a) A unit may treat revenue received from the tax**  
 17       **imposed under this chapter as additional revenue for the purpose**  
 18       **of fixing the unit's budget for a budget year in which the unit**  
 19       **receives the revenue.**

20       **(b) The department of local government finance may not reduce**  
 21       **a unit's property tax levy by the amount of revenue received from**  
 22       **a tax imposed under this chapter.**

23       **Sec. 11. A local gross retail tax is a listed tax for purposes of**  
 24       **IC 6-8.1.**

25       SECTION 2. IC 6-8.1-1-1, AS AMENDED BY P.L.192-2002(ss),  
 26       SECTION 140, IS AMENDED TO READ AS FOLLOWS  
 27       [EFFECTIVE JULY 1, 2003]: Sec. 1. "Listed taxes" or "taxes" includes  
 28       only the pari-mutuel taxes (IC 4-31-9-3 through IC 4-31-9-5); the  
 29       riverboat admissions tax (IC 4-33-12); the riverboat wagering tax  
 30       (IC 4-33-13); the gross income tax (IC 6-2.1) (repealed); the utility  
 31       receipts tax (IC 6-2.3); the state gross retail and use taxes (IC 6-2.5);  
 32       **a local gross retail tax (IC 6-2.5-12);** the adjusted gross income tax  
 33       (IC 6-3); the supplemental net income tax (IC 6-3-8) (repealed); the  
 34       county adjusted gross income tax (IC 6-3.5-1.1); the county option  
 35       income tax (IC 6-3.5-6); the county economic development income tax  
 36       (IC 6-3.5-7); the municipal option income tax (IC 6-3.5-8); the auto  
 37       rental excise tax (IC 6-6-9); the financial institutions tax (IC 6-5.5); the  
 38       gasoline tax (IC 6-6-1.1); the alternative fuel permit fee (IC 6-6-2.1);  
 39       the special fuel tax (IC 6-6-2.5); the motor carrier fuel tax (IC 6-6-4.1);  
 40       a motor fuel tax collected under a reciprocal agreement under  
 41       IC 6-8.1-3; the motor vehicle excise tax (IC 6-6-5); the commercial  
 42       vehicle excise tax (IC 6-6-5.5); the hazardous waste disposal tax



C  
O  
P  
Y

1 (IC 6-6-6.6); the cigarette tax (IC 6-7-1); the beer excise tax  
2 (IC 7.1-4-2); the liquor excise tax (IC 7.1-4-3); the wine excise tax  
3 (IC 7.1-4-4); the hard cider excise tax (IC 7.1-4-4.5); the malt excise  
4 tax (IC 7.1-4-5); the petroleum severance tax (IC 6-8-1); the various  
5 innkeeper's taxes (IC 6-9); the various county food and beverage taxes  
6 (IC 6-9); the county admissions tax (IC 6-9-13 and IC 6-9-28); the oil  
7 inspection fee (IC 16-44-2); the emergency and hazardous chemical  
8 inventory form fee (IC 6-6-10); the penalties assessed for oversize  
9 vehicles (IC 9-20-3 and IC 9-30); the fees and penalties assessed for  
10 overweight vehicles (IC 9-20-4 and IC 9-30); the underground storage  
11 tank fee (IC 13-23); the solid waste management fee (IC 13-20-22);  
12 and any other tax or fee that the department is required to collect or  
13 administer.

C  
o  
p  
y

